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DEPARTMENT OF DEFENSE

GENERAL SERVICES ADMINISTRATION

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

48 CFR Parts 25 and 52

[FAC 2005-67; FAR Case 2012-027; Item IX; Docket 2012-0027, Sequence 1]

RIN 9000-AM43

Federal Acquisition Regulation; Free Trade Agreement (FTA) - Panama

AGENCIES: Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

ACTION: Final rule.

SUMMARY: DoD, GSA, and NASA have adopted as final, without change, an interim rule amending the Federal Acquisition Regulation (FAR) to implement the United States–Panama Trade Promotion Agreement. This Trade Promotion Agreement is a free trade agreement that provides for mutually non-discriminatory treatment of eligible products and services from Panama.

EFFECTIVE DATE: [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER.]

FOR FURTHER INFORMATION CONTACT: Ms. Cecelia L. Davis, Procurement Analyst, at 202-219-0202, for clarification of content. For information pertaining to status or

publication schedules, contact the Regulatory Secretariat at 202-501-4755. Please cite FAC 2005-67, FAR Case 2012-027.

SUPPLEMENTARY INFORMATION:

I. Background

DoD, GSA, and NASA published an interim rule in the Federal Register at 77 FR 69723, on November 20, 2012, to implement the United States–Panama Trade Promotion Agreement. The comment period closed on January 22, 2013. Two respondents submitted comments on the interim rule.

The interim rule added Panama to the definition of “Free Trade Agreement country” in multiple locations in the FAR. The Panama FTA covers acquisitions of supplies and services equal to or exceeding \$202,000. The threshold for the Panama FTA is \$7,777,000 for construction contracts. The Panama FTA threshold for supplies and services is higher than the threshold for supplies and services for most of the FTAs (\$77,494), and equals the Bahrain, Morocco, Oman, and Peru FTA thresholds for supplies and services (\$202,000). The excluded services for the Panama FTA are the same as for the Bahrain FTA, Dominican Republic–Central American FTA, Chile FTA, Colombia FTA, NAFTA, Oman FTA, and Peru FTA.

II. Discussion and Analysis

The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (the Councils) reviewed the

comments in the development of the final rule. A discussion of the comments is provided as follows:

A. Summary of significant changes

The Councils have adopted the interim rule as final without change.

B. Analysis of public comments

1. Need for separate Defense Federal Acquisition Regulation Supplement (DFARS) rule.

Comment: One respondent commented that they were concerned about the necessity of the interim rule, under Executive Orders 12866 and 13563, for a separate, redundant DFARS rule for the Free Trade Agreement.

Response: Implementation of trade agreements in the FAR is necessary for broad government-wide application of the trade agreements. DoD needs its unique provisions and clauses to cover Buy American and trade agreements because of unique requirements. One of the most significant reasons is the need to address the products of qualifying countries (those countries with which DoD has a Reciprocal Defense Procurement Memorandum of Understanding or other International Agreement). In addition, the Oman FTA and the Israeli Trade Agreement do not apply to DoD acquisitions. There are also statutory and policy determinations that impact DoD acquisitions of the products of Iraq and Afghanistan and other countries in the region (South

Caucasus and Central and South Asia). DoD also continues to implement the Balance of Payments Program, applying the principles of the Buy American statute to acquisitions of goods for use outside the United States. Therefore, DoD has never been able to rely on promulgation of Free Trade Agreements solely within the FAR.

2. Information collection requirement.

Comment: One respondent was further concerned that the information collection requirement is not negligible as characterized by the DFARS interim rule. According to the respondent, the DFARS requirement will require costly duplicate reporting in order to maintain compliance and is therefore not negligible.

Response: The Federal Register preamble for the FAR and DFARS rules did not state that the information collection requirement relating to Free Trade Agreements was negligible. The statement was that the change caused by adding Panama as a Free Trade Agreement country is negligible. There are approved burdens for the FAR Buy American and trade provisions under OMB clearance numbers 9000-0025, 9000-0130, 9000-0136, and 9000-0141. There are also burden hours approved for DoD acquisitions subject to Buy American or trade agreements under OMB clearance number 0704-0229. The DFARS requirement does not cause duplicate reporting, because no solicitation should include both the

FAR and the DFARS Buy American and/or trade agreements provision. The DFARS provisions are used in lieu of the FAR provisions.

3. Access through canal and security for cargo.

Comment: One respondent commented that we should work with other companies for joint economic development projects and, as to Panama, make certain that the agreements provide that we will have continued access through the canal and the necessary security for our cargo.

Response: The Council takes no position on this comment because it is outside the scope of this case, which was limited to implementing the United States–Panama Trade Promotion Agreement. The Office of the United States Trade Representative negotiates the treaties, which are then implemented in law by Congress.

III. Executive Orders 12866 and 13563

Executive Orders (E.O.s) 12866 and 13563 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). E.O. 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This is a significant regulatory

action and, therefore, was subject to review under section 6(b) of E.O. 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

IV. Regulatory Flexibility Act

The Department of Defense, the General Services Administration, and the National Aeronautics and Space Administration certify that this final rule will not have a significant economic impact on a substantial number of small entities within the meaning of the Regulatory Flexibility Act, 5 U.S.C. 601, et seq., because although the rule now opens up Government procurement to the goods and services of Panama, DoD, GSA, and NASA do not anticipate any significant economic impact on U.S. small businesses. The Department of Defense only applies the trade agreements to the non-defense items listed at DFARS 225.401-70, and acquisitions that are set aside or provide other form of preference for small businesses are exempt. FAR 19.502-2 states that acquisitions of supplies or services with an anticipated dollar value between \$3,000 and \$150,000 (with some exceptions) are automatically reserved for small business concerns.

V. Paperwork Reduction Act

The rule affects the certification and information collection requirements in the provisions at FAR 52.212-3,

52.225-4, 52.225-6, and 52.225-11 currently approved under the OMB Control Numbers 9000-0136, titled: Commercial Item Acquisition; 9000-0130, titled: Buy American Act-Free Trade Agreements-Israeli Trade Act Certificate; 9000-0025, titled: Trade Agreements Certificate; and 9000-0141, titled: Buy American-Construction, respectively, in accordance with the Paperwork Reduction Act (44 U.S.C. chapter 35). The impact, however, is negligible, because it is just a question of which category offered goods from Panama would be listed under.

List of Subjects in 48 CFR Parts 25 and 52

Government procurement.

Dated: June 13, 2013

William Clark,
Acting Director,
Office of Governmentwide
Acquisition Policy,
Office of Acquisition Policy,
Office of Governmentwide Policy.

INTERIM RULE ADOPTED AS FINAL WITHOUT CHANGE

Accordingly, the interim rule amending 48 CFR parts 25 and 52, which was published in the Federal Register at 77 FR 69723, on November 20, 2012, is adopted as a final rule without change.

Authority: 40 U.S.C. 121(c); 10 U.S.C. chapter 137; and 51 U.S.C. 20113.

[BILLING CODE 6820-EP]

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